

Office of Inspector General, USDA Investigation Developments Bulletin

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Produce Merchant Receives Prison Sentence and is Ordered to Pay \$2.5 Million for SNAP Trafficking — Florida

On July 10, 2014, in Federal court in Florida, the owner/operator of a small produce stand in a Miami-area flea market was sentenced to 33 months in prison and was ordered to pay restitution totaling \$2.5 million. OIG's investigation found that the owner/operator ran a large scale SNAP trafficking ring that involved multiple vendors in the flea market. He pled guilty to food stamp fraud and wire fraud in April 2014.

Former Executive Director of Non-Profit Organization Sentenced and Ordered to Pay Restitution for Theft of USDA Funds — Montana

On June 18, 2014, in Federal Court in Montana, an individual pled guilty to theft of public property and was sentenced to 2 years' probation and ordered to pay \$33,000 in restitution. She will be prohibited from any direct participation in any Federally-funded program, and prohibited from any indirect participation without the approval of the U.S. Probation Office. OIG's investigation determined that as the executive director of a non-profit organization, she misappropriated funds from a Rural Housing Service (RHS) self-help technical assistance grant, which the organization received to assist 11 qualified individuals in obtaining RHS-financed homes. She paid herself more than \$30,000 for consulting services, even though she was a full-time employee. She also charged homeowners unwarranted fees and presented false claims for reimbursement to RHS. She was charged with multiple violations including theft from an organization receiving Federal funding, false claims, and wire fraud.

Convenience Store Operator Sentenced and Ordered to Pay \$1.2 Million in Forfeiture and Restitution for SNAP trafficking — Maryland

On June 25, 2014, in Federal Court in Maryland, the operator of a Baltimore convenience store who trafficked in SNAP benefits was sentenced to 2 years in prison and was ordered to pay \$1.2 million in forfeiture and restitution. OIG's joint investigation with the Federal Bureau of Investigation disclosed that the operator exchanged SNAP benefits for cash on multiple occasions. SNAP trafficking also occurred at a store that was located next door. In September 2013, both this store operator and the operator of the neighboring store were arrested. They each pled guilty to wire fraud charges.

Producer Sentenced and Ordered to Pay Restitution for Conversion of FSA Mortgaged Property — New Mexico

On May 23, 2014, in Federal court in Texas, a New Mexico producer who pled guilty to conversion of property mortgaged to FSA was sentenced to serve 5 months in prison, 5 months of home confinement, and he was also ordered to pay \$138,000 in restitution. OIG's investigation determined that the producer sold FSA-mortgaged livestock worth more than \$200,000 without obtaining FSA consent and without remitting proceeds to FSA. He sold approximately 528 head of cattle and approximately 340 head of other livestock, including hogs, sheep, and horses. He also deposited a crop insurance check without FSA consent and did not remit those proceeds to FSA.

Store Owners Sentenced and Ordered to Pay \$200,000 for SNAP Fraud and Theft of Public Funds — Ohio

On July 9, 2014, in a Federal court in Ohio, two men who owned four stores in Cleveland that trafficked in SNAP benefits were each sentenced to serve 54 months in prison and were ordered to pay \$200,000 in restitution. A manager of one of the stores was also sentenced the same day to 10 months of home detention and was ordered to pay \$11,798 in restitution. USDA OIG's investigation disclosed that the two men engaged in more than \$2 million in SNAP fraud between the four businesses and used straw owners to obtain SNAP authorization, liquor licenses, and bank accounts. The store owners pled guilty to charges that included food stamp fraud, conspiracy to commit food stamp fraud, and theft of public funds. The manager pled guilty to charges pertaining to food stamp fraud.

Former Forest Service Employee Sentenced for Theft of Agency Fleet Cards – California

On June 5, 2014, in San Bernardino (California) County Court, a former Forest Service employee was sentenced to 16 months in prison and fined \$300. The court retained jurisdiction on the issue of restitution and will schedule a restitution hearing for a later date. OIG's investigation determined that, while employed by the Forest Service, the man stole fire engine Fleet cards and used them to purchase personal items, including a number of Apple iPads. He was charged with multiple counts of theft and acquisition of access cards without consent with intent to sell. He pled guilty on the same day he was sentenced for attempted grand theft/possession of four or more access cards.

Convenience Store Owner Engaged in SNAP Fraud Sentenced and Ordered to Pay \$500,000 in Restitution — Pennsylvania

On July 9, 2014, in Federal Court in Pennsylvania, the owner of a convenience store who trafficked in SNAP benefits was sentenced to 15 months' incarceration and was ordered to pay \$500,000 in restitution and forfeit \$12,000, which was seized during the investigation. The joint investigation determined that the man exchanged SNAP benefits for cash and ineligible items on several occasions. He pled guilty in March 2014 to conspiracy, SNAP fraud, and money laundering.¹

Supermarket Owner Sentenced to Seven Years' Imprisonment for Weapons Possession — Michigan

On July 9, 2014, in Federal court in Michigan, the owner of a Detroit supermarket who was found to be illegally in possession of firearms and ammunition was sentenced to 87 months in prison. OIG conducted an investigation into SNAP trafficking at the supermarket and a large liquor store. The liquor store was buying SNAP benefits and conspiring to have the transactions manually processed through the supermarket's electronic benefit transfer terminal. The supermarket owner, a store manager, and the two owners of the liquor store were arrested on SNAP fraud charges. During searches of the supermarket and the supermarket owner's residence, several firearms and ammunition was found. As a convicted felon, he is prohibited from possessing these items. He was convicted of being a felon in possession of firearms and ammunition at trial. Further action is pending regarding the illegal SNAP activities.

Co-owner of Market Sentenced and Ordered to Pay \$580,000 in Restitution for Conspiracy to Defraud SNAP — Rhode Island

On June 5, 2014, in Federal court in Rhode Island, the co-owner of a market in Warwick who trafficked in SNAP benefits was sentenced to 5 years' probation, the first year of which is to be spent in home detention, and was ordered to pay \$580,000 in restitution. OIG's investigation disclosed that SNAP benefits were exchanged for cash at the store. The two owners of the store pled guilty to conspiracy to defraud SNAP. In May 2014, the other owner was sentenced in the same court to 3 years of probation and was ordered to pay \$580,000 in restitution.

¹ The Internal Revenue Service (IRS) and U.S. Immigration and Customs Enforcement's Homeland Security Investigations participated in the joint investigation.